



# BULLETIN

Volume 8, Issue 3

February, 2002

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## Risk Management Division:

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*Risk Management  
Division  
Mission Statement*

*To protect the assets  
of the State of North  
Dakota - its people,  
property, and financial  
resources - so that the  
State can continue to  
meet its obligations to  
its citizens.*

# C

ongratulations to those of you who have already submitted your applications for the discounts under the Risk Management Fund and the RMWCP! For those of you who have not yet done so, remember, *the application deadline for both programs is April 1, 2002.*

Once the application forms are received in our office, they will be reviewed to see if all documentation substantiating the discount request has been provided. If compliance with all of the criteria on the application form cannot be substantiated, you may be required to provide additional information. If that additional information is not provided, a smaller, or no discount may be granted.

For example, if you check the "Yes" box for question 5 on the RM Fund application form, (1) there must be a reference in the Loss Control Committee minutes documenting a review of a sign-up sheet showing that the entity's employees received the training, or (2) a copy of the sign-up sheets for the training must be

forwarded to our office. Failure to provide that type of documentation would mean you would not be credited with qualifying for question 5.

Remember to use your Loss Control Committee minutes to document compliance.

Even though submitting the application for the workers comp program is a change, NDWC will continue to be a partner in the workers compensation discount process. After Risk Management has reviewed your workers compensation application, we will forward our findings to NDWC. As in prior years, the formal, annual audit of your workers compensation program will be conducted by NDWC personnel in May or June.

Contact our office if you have any questions about either application process.

## *Discount Programs Update*

## The 2002 Risk Management Seminar:

## *The Costs of Risk*



It certainly isn't news that due to the economic slowdown, North Dakota, like most states, is facing lost revenues. It falls to each State entity to do its part to identify ways to reduce the State's cost of doing business. That includes identifying and addressing the State's *Costs of Risk*.

The 2002 Risk Management Seminar has been designed to provide you with the tools to accomplish that task. The Seminar will feature presentations by the North Dakota Fire & Tornado Fund, North Dakota Workers Compensation, and the Risk Management Division to help State entities reduce their costs of property, workers compensation, and tort liability exposures.

Some risks of loss and their relevant costs are evident - but, some are not. While you are all aware of the dollar amount of your premiums and contributions for property, workers compensation, and tort liability coverage - are you recognizing and addressing your hidden costs of loss?

Current changes in the insurance market (the *hard market*), are expected to push the State insurance costs upward. In turn, this will increase your risk costs. While you need to plan for those required expenditures, it is important that you understand that *Costs of Risk* entails much more than those identified costs.

### are you recognizing and addressing your hidden costs of loss?

The 2002 Seminar will cover benchmarking, the elements in the cost of risk, and measuring your entity's performance in dealing with the *Cost of Risk*. You will hear about the expected changes in the Fire & Tornado, Workers Compensation, and

Risk Management Fund programs, and learn proactive steps you can take to offset potential increased costs.

Again this year, there will be no charge for State employees to attend the Seminar. Note, the location has changed to the Heritage Center on the Capitol grounds.



## Loss Control Tools

### Automatic External Debrillators

You have probably heard that Automatic External Debrillators (AEDs) are being placed in airports, on airplanes, in sports arenas, and in shopping centers, etc. in an effort to potentially save lives.

Because of this trend, some State facilities are questioning if it is recommended that AEDs be placed in State facilities.

Before acquiring an AED, the State entity must evaluate the requirements for establishing an AED program. For example, the FDA requires that the purchase of an AED must be accompanied by a prescription for the device from a licensed doctor. In addition, North Dakota has enacted N.D.C.C. § 32-03.1-02.3 to govern an AED program. That statute requires notification to the Department of Health of acquisition, location, type, training, maintenance, testing, and use protocol of the AED.

The Risk Management Division will work with any State facility that decides to install an AED to ensure the facility's program meets all Federal and State requirements.

### Seminar Information

**Key Note:** The Seminar's keynote speaker will be Michael M. Kaddatz, CPCU, ARM.

Mr. Kaddatz is a Managing Director of ARM Tech, located in Irvine, California. ARM Tech is a risk management, actuarial, and insurance consulting firm that is a part of Aon Risk Consultants, a nationwide brokerage/consulting firm. Mr. Kaddatz is a graduate of the University of Wisconsin-Stevens Point, and has served as President of the Society of Risk Management consultants and as chair of the Society of CPCU's Risk Management Section.

Mr. Kaddatz has more than 30 years in the insurance and risk management industry, the last 25 as an independent consultant. As a consultant, Mr. Kaddatz has assisted several state governments in designing risk management programs to control their *Costs of Risk*. He is a frequent speaker to industry groups interested in insurance and risk management issues. Mr. Kaddatz has written numerous articles on risk management, and has edited and contributed to several risk and insurance textbooks and reference manuals.

**Time** - April 24, 1:00 to 5:00 p.m. - April 25, 8:00 to 12:00 noon

**Place** - North Dakota Heritage Center, State Capitol Grounds, Bismarck

#### Who is recommended to attend:

Risk Management Contacts, Workers Compensation Contacts, Fiscal Officers, Business Managers, Division Directors, other interested State employees.

*Note, attendance at the seminar by entity contacts is required to qualify for the full 10% Risk Management Fund and RMWCP discounts.*



**Conference Location** — North Dakota Heritage Center, State Capitol Grounds, Bismarck.

**Registration** - Due to the fact that attendance at the Seminar is a pre-requisite for an entity to qualify for the maximum RM Fund and RMWCP discounts, registration will be required for this year's Seminar. You may register by either returning the registration card attached to a Seminar brochure that you will receive by mail in the next 2 weeks, or by contacting Renae Schumacher at Risk Management (701) 328-6514; [rschumac@state.nd.us](mailto:rschumac@state.nd.us); fax: (701) 328-6515. The pre-registration process will assist us to accommodate breakout session attendance requests. Attendees will be required to sign in each day of the Seminar at the registration tables located in the foyer next to the auditorium.

# The 2002 Risk Management Seminar: *The Costs of Risk*

## Seminar Planning Grid

<b>April 24</b> 1:00 - 1:30	<b>Welcome and Opening Announcements</b>	
1:30 - 2:45	<b>Keynote Address - The Costs of Risk</b>	
2:45 - 3:15	<b>Break</b>	
3:15 - 4:00	<b>Effective RMF and RMWC Programs = 10% Discounts</b>	<b>Property Claims Management Fundamentals (Part 1)</b>
4:00—4:15	<b>Break</b>	
4:15 - 5:00	<b>Revitalizing Loss Control</b>	<b>Property Claims Management Fundamentals (Part 2)</b>
<b>April 25</b> 8:00 - 8:45	<b>Property Claims Management Fundamentals (Part 1)</b>	<b>NDWC's Function in the new RMWCP</b>
8:45 - 9:00	<b>Break</b>	
9:00 - 9:45	<b>Property Claims Management Fundamentals (Part 2)</b>	<b>Effective RMF and RMWC Programs = 10% Discounts</b>
9:45 - 10:00	<b>Break</b>	
10:00 - 11:00	<b>Cost Effective Cumulative Trauma Solutions</b>	<b>Managing the Risks of the State's Fleet</b>
11:00—11:15	<b>Break</b>	
11:15 - 12:00	<b>Projections for the Fire &amp; Tornado Fund, Risk Management Fund, and RMWCP</b>	

## General Seminar Information

### Keynote Address - “*The Costs of Risk*” - What is the Impact on Your Budget?

At least one prominent governmental risk manager repeatedly states, “*The goal of risk management is to save money.*” What does he mean? Is that really all this is about?

This session looks at the cost of risk and breaks it down into its major components. Many risk costs are direct and measurable, but a significant portion is hidden. None can be effectively managed without your involvement. We will look at the State's overall risk costs and discuss how you can work toward the common good of reducing them.

**Keynote Speaker: Michael Kaddatz**

# General Seminar Information Continued

## **Effective RMF and RMWC Programs = 10% Discounts**

Make sure your loss control committee activities result in the maximum benefit to your agency or facility. This session is designed to provide tips on documenting and reporting the required loss control activities so that your entity qualifies for the full 10% discount of its required contribution to the Risk Management Fund and Risk Management Workers Compensation Programs. Discussion will include how-tos for in-house inspections, proper accident investigations, and hazard assessments.

**Presenter: Terry Milas**

## **Property Claims Management Fundamentals (Parts 1 and 2)**

*Because of changes in the insurance market, there have been a number of revisions to the North Dakota Fire & Tornado Program. In order to address all of the information you need to be aware of we have divided the presentation into two different 45 minute segments. Make sure you attend both segments over the 2 day period.*

Learn how to properly value your entity's property so that in the event of a covered cause of loss there will be adequate insurance limits to replace or repair your damaged property. At this session you will learn the ABC's of property insurance, such as:

- ♦ Types of property
- ♦ Methods of valuation
- ♦ Establishing property values
- ♦ Underwriting assessment
- ♦ Claims Settlements
- ♦ Assessing Property Loss Costs

**Presenters: Jeff Bitz, Fire & Tornado Staff and Adjusters**

## **Revitalizing Loss Control**

What fundamental changes could be made to your entity's way of doing business that would materially reduce the chance of causing damage to the public, injuring a co-worker, or losing a State facility? *Change* is the key word here. Most of us love it and hate it at the same time. In this session, we'll discuss how we can each become better agents for

positive change. Then we'll apply this knowledge to the goal of revitalizing and renewing our commitment to loss control in the field.

**Presenter: Michael Kaddatz**

## **Cost Effective Cumulative Trauma Solutions.**

A train-the-trainer opportunity. This session will provide a study of cumulative trauma injuries caused by a variety of exposures including lifting, computer use, performing custodial activities. Solutions will be presented that will allow participants to return to their workplaces and assist fellow employees with problem recognition and solutions to reduce injuries associated with cumulative trauma.

**Presenter: Derek Watkins**

## **Managing the Risks of the State's Fleet**

Auto property and liability exposures are classic examples of how loss prevention can affect the Cost of Risk. This session will discuss the seat belt and cell phone use, operation of 15 passenger vans, Accident Review Board activities, and use of personal vehicles on State business.

**Presenters: Paul Feyereisen and Vicki Lewis**

## **NDWC's Function in the new RMWCP**

This session will explain how your entity's premium and experience rating is affected by the institution of the State's single workers compensation account as well as a discussion on NDWC services still available to State entities.

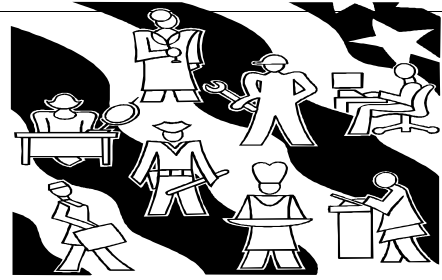
**Presenters: NDWC Personnel and Derek Watkins**

## **Projections for the Fire & Tornado Fund, Risk Management Fund, and RMWCP**

What risks and exposure lie ahead and how will future events impact the risks we manage? This session will explore current trends in property, tort, and workers compensation losses.

**Presenters: Jeff Bitz, Jo Zschomler, and Derek Watkins**

# RMWCP UPDATE



The proposed rules for the Risk Management Workers Compensation Program (RMWCP) were approved by the Attorney General on January 9, 2002, were formally adopted, and have been forwarded to Legislative Council for publication. You can find a copy of the approved Rules in Section 9 of the Risk Management Manual. The RMWCP is operating under the direction of those Rules.

The following are responses to frequently asked questions about the RMWCP:

## **Why is Risk Management recommending that State entities select one Designated Medical Provider?**

- ✓ Selection of one DMP allows for streamlining treatment and post injury case management.
- ✓ Completing the process presents an opportunity to update employee records.

Note, the State entity selecting one DMP does not change the employee's right to select an alternate DMP as long as that selection is made prior to an injury to the employee.

To maximize flexibility of treatment, it is recommended that both the State entity and any employee selecting alternate medical providers choose a *healthcare system or a clinic* over an individual doctor.

Remember, the completed Report of Designated Medical Provider Selection forms were due in our office by February 15, 2002.

## **What forms do I use to ensure accurate Injury Reporting?**

- ✓ Your entity's RMWCP Contact is required to file a completed incident report with OMB Risk Management within 48 hours of the occurrence or first report of the injury. The incident report is to include details of the employee's injury, the cause, the contributing factors, and the action taken to prevent further occurrences.

Note: The only exception for this requirement is for those entities that are operating an approved data management system by which they can furnish monthly reports to the Risk Management Division.

However, *all* State entities must file an incident report within 48 hours for suspected *time loss claims*.

- ✓ For injuries requiring treatment other than first aid, the employee and/or the employing entity is to complete a worker's compensation claim for injury form (SFN 2828), and is to file both part C1 and part C2 of the SFN 2828 electronically (if possible) with the NDWC as soon as possible, and no more than 48 hours after the employee seeks medical treatment from the preferred provider or the provider selected by the employee prior to the alleged injury.

## **Are Volunteers covered by workers compensation?**

- ✓ If your agency uses volunteers, NDWC must be notified and all volunteers added to the schedule of insured before they begin their volunteer duties. Failure to have a volunteer listed and workers compensation insurance in place prior to an injury can result in claim denial.

## **How does the On-site Designated Case Manager program work?**

- ✓ NDWC's on-site Return To Work Case Managers (nurses located in the State's major medical centers) will contact the RMWCP and agency case managers to report the workability status of injured employees. The RMWCP will then contact the employing entity's workers compensation contact to discuss transitional duty options. This will aid in the prompt placement of injured workers when medically cleared to return to work. Should the entity contact have questions on an injured worker they may contact OMB Risk Management or the designated case manager.

## Risk Management Division

Wells Fargo Bank Building, Suite 613  
400 East Broadway Avenue  
Bismarck ND 58501

### CHECK IT OUT!!

Please check your address label.  
Report any corrections to our office.

## BULLETIN

### *Risk Management Forms in Electronic Format*



State Risk Management Fund Notice of Claim form (SFN 50552), RM Incident Report form (SFN 50508), RM Motor Vehicle Accident Report (SFN 51301), and Destruction Hold Notice (SFN 52376) are now on the State forms web site ([www.state.nd.us/eforms](http://www.state.nd.us/eforms)) and on the Risk Management web site ([www.state.nd.us/risk/forms](http://www.state.nd.us/risk/forms)) in fillable format.

Simply complete the electronic form, print it, obtain the necessary signatures, and mail or fax the copy as the form directs.

Note, it will not be possible to save a copy of the completed form unless you have the complete Adobe Acrobat software installed on your PC. Saving a completed form is not available through the free Adobe Reader software.

We are working with ITD to develop the capability of submitting the forms electronically and will let you know as soon as that feature is available.

### *Risk Management Manual Revisions*

#### **Remove Pages:**

6.1-1 through 6.1-3  
9.3-1

#### **Replace with Pages:**

6.1-1 through 6.1-4  
9.3-1

### *Risk Management Division Website Features*

Visit our website at [www.state.nd.us/risk/](http://www.state.nd.us/risk/) for standard and updated features including:

- ◆ Personnel e-mail and telephone directory
- ◆ Risk Management Manual
- ◆ Reporting Forms (following page 3.5-1 of the manual)
  - \*Incident Report (SFN 50508)
  - \*Notice of Claim (SFN 50552)
  - \*Motor Vehicle Accident Report (SFN 51301)
  - \*Destruction Hold Notice (SFN 52376)
- ◆ Facility Audit and Inspection Checklists (Page 4.3-1)
- ◆ Emergency and Disaster Procedures (Pages 4.5-1 through 4.6-5)
- ◆ Facility Use Agreement Form (Page 5.2-2)
- ◆ Waiver Forms (Pages 5.2-3 & 4)
- ◆ Risk Management Bulletins
- ◆ Workers Compensation Program for State Entities
  - \* Transitional Duty Program
  - \* Designated Medical Provider